

VOLUME 2 ISSUE 2

choice

the magazine of professional coaching



Making
the choice:

Personal or Business Coaching

Stephen Fairley
Helps You Choose

The Branding Point: The Fusion
of **Passion** and **Desire**

Veronica Conway
on Leadership

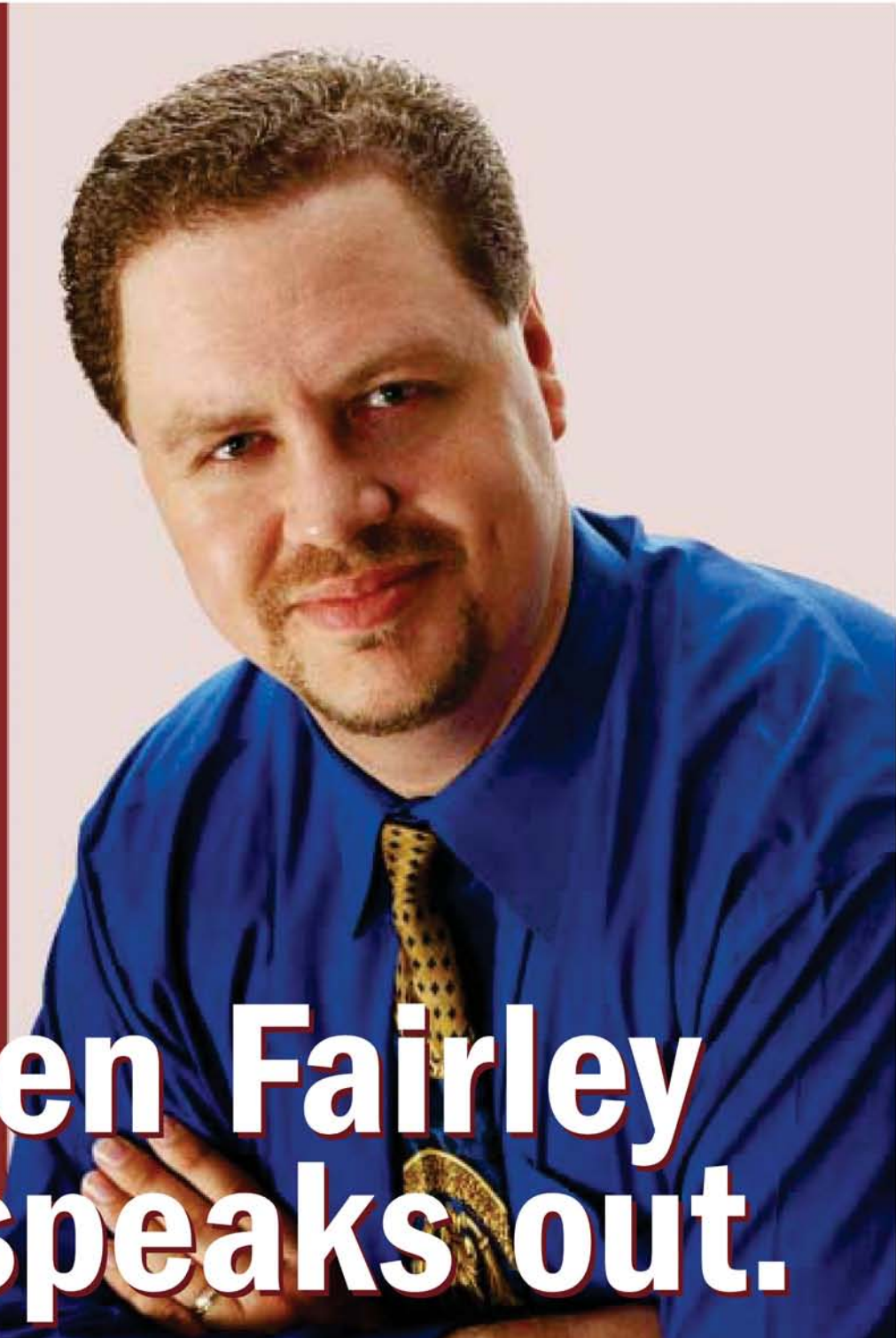
\$7.99 US • \$8.99 CDN



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● In an excerpt from his new book, Stephen Fairley helps us understand why we must choose between personal and business coaching. And in a special interview, **Brad Stauffer** talks with Stephen about marketing, coach training, the industry and why we must speak the truth.



Making the choice and taking a stand...

Stephen Fairley speaks out.

He stood about eight inches from my face. I met Stephen Fairley at the Coachville Conference in Orlando, when he invaded my personal space, talking about his best-selling, new book, *“Getting Started in Personal and Executive Coaching — How to Create a Thriving Coaching Practice.”* His height towered over my 5’10” frame. His tight curly hair, big-marketing-smile and invading eyes said “I want your attention now.”

He really personified a lot of skills I had been taught in my coaching training. His boldness and intrusiveness, almost in a righteous way, demanded my attention and respect. I could tell that Stephen Fairley was a man that went after what he wanted. So I figured he would want an interview. (Was this my great coaching intuition at work? *I don’t think so!* There wasn’t space for intuition, just unspoken understanding?) He gave me his card. He got the interview.

Later, when we talked on the phone, I asked him about his bottom-line passion. (I just knew within all that marketing skill and business boldness, that there had to be a big heart!) And indeed, he is all about “seeing people exceed their goals, their visions, their dreams and help them live a better life.” His passion about his clients comes across as clearly as his strong self-confidence.

He feels his new book is selling well because it “really is a voice of reason in a field full of unfulfilled promises. There is a lot of over-promising and under-delivering going on right now in the coaching industry. And I want to be part of the solution for turning that around.” Fairley indeed speaks his mind, or as he likes to say, “speaks the truth.” He shared a few thoughts with *choice* Magazine.

On choosing between personal and business coaching

“It is absolutely critical,” he says, “that people choose between being a personal or business coach. One of the biggest mistakes business owners make is targeting the wrong market or positioning themselves poorly. Too many people say they are both a personal and business coach. The way that you market and brand yourself, the clothes you wear, the words you use, the marketing copy you have on your website, and the way you emphasize your background...all of these and hundreds of other things are determined by whether you’re a personal or business coach.”

On marketing

“Marketing is everything you do that makes the sale easier. If you don’t like sales, then beef up your marketing. People are more easily pulled to a vision than pushed by a plan. You need to be able to answer objections in a clear, concise and compelling fashion and you’ve got to have a marketing plan.”

On the future of the coaching industry

“We’re fast approaching terminal velocity. Two things are going to happen and they are mutually exclusive. One — either the coaching industry is going to take off and explode, or two — it’s going to crash and burn. It’s not the fall that kills you it’s the sudden stop. In 1999 there were only about 15 coach-training programs. In 2004 there are over 160. We’re entering a critical phases where there’s a worse case scenario...an over supply of coaches and an under demand for coaching.”

“People are more easily pulled to a vision than pushed by a plan”

On coaching schools

“I have talked with a lot of coach training organizations, inquiring how they train coaches to have a thriving coaching practice. They all say they do an excellent job. That’s baloney! If that were true, then why is it that 53% of coaches made less than \$20,000 last year? Why is it that less than 60% of coaches have been able to find ten paying clients? That’s a problem.”

On building your practice

“The most expensive thing you can have as a small business owner is a one-time client. It costs you ten times more, in terms of your money and your time, to get a new client as it does to service an existing one. You need to consistently be moving your clients towards buying longer and longer contracts with you. So instead of having them go on a month-to-month basis, have them start out signing a contract for three-months minimum. When you’re able to get over that, move to six months. A lot of coaches could immediately double or triple the length of their average client if they had a program...either you can buy this or create it, whatever you like, but have a program. People buy programs. It’s very hard to sell the intangible. A mistake that coaches make is that they make their service so intangible that people can’t even imagine what it is. Whatever the program is, you can talk about deliverables. That makes it more tangible to people, whether you’re talking to a business owner or an individual.”

On what he’s doing next

“I am publishing a revision of an earlier book, in the next few months, named *Practice Made Perfect*, a training manual for people selling professional services. I am also working on a project with ten CDs for female entrepreneurs running small businesses. In April, I launched the “MYOB Program.” (www.myobforcoaches.com) which helps coaches put proven principles for success into practice. I am even working on a follow-up to ‘*Getting Started in Personal and Executive Coaching — How to Create a Thriving Coaching Practice*,’ by early Spring.”

“I want this coaching profession to succeed. I want to be part of the solution, not part of the problem,” says Fairley. His style is to tell the hard truth, from his perspective. This outspoken author models boldness. He takes a stand on his passions, whether it is pushing coaches to be better marketers or telling the industry to do something different. He gets in our face...just like a good coach should.

The following is an excerpt from “Getting Started in Personal and Executive Coaching — How to Create a Thriving Coaching Practice,” by Stephen G. Fairley and Chris E. Stout (John Wiley & Sons)

What kind of coach are you?

As professional coaching grows in popularity, it will experience an external struggle to define, refine, describe, and distinguish itself from other fields, as well as an internal struggle to create subspecialties. The field of psychology offers a typical model. In the early years, the primary struggle was to differentiate psychology from psychiatry (it struggles with this even today, as most lay people still don't know the difference between a psychologist, a psychiatrist, and a social worker). As time went on, the field began to divide into other specialties, with the first few being experimental, clinical, and academic psychology. Today, the American Psychological Association recognizes over 50 major divisions with many other specialty areas.

Currently, there are two major branches of professional coaching — personal coaching and business coaching — but each is quickly gaining subspecialties. Each division goes by various names. For example,

personal coaching is also known as life coaching, success coaching, personal life coaching, and professional coaching. Some of the more popular subspecialties include spiritual coaching, relationship coaching, coactive coaching, Christian coaching, personal development coaching, and career coaching, among others. (This article uses the term personal coaching to refer to all of them, except where noted.) Business coaching is also known as corporate coaching, management coaching, executive coaching, and leadership coaching, to mention a few, but some people define each of these areas as a

“There are as many **opportunities for business coaching** as the number of businesses that exist in a given community”

subspecialty of business coaching. (This article will use these terms interchangeably and refers to all of them by the generic term business coaching, except where noted.) Yes, I do realize there are distinctions and separations between the many areas and even the specific names, but the differences are primarily not in the techniques coaches use, or in their ability, their training, or even their experiences, but in the particular populations served and the problems most commonly encountered during coaching.

If you have not already decided which area you will focus on, please try to keep an open mind. If you have already decided, now is the time to start making yourself more aware of the potential positives and negatives and to develop a plan for maximizing the former while compensating for the latter. However, make no mistake: What title you give yourself and what field you see yourself in will largely determine what kind of clients you attract to your practice. There are some definite advantages and distinct disadvantages with both personal and business coaching. Let's explore each area in turn.

Personal coaching

Personal coaches usually work with a wide range of individuals on a host of intrapersonal and interpersonal issues, such as coping with a specific problem or crisis, focusing their energy, achieving their dreams, making career transitions, living a happier, more fulfilled life, over-coming conflict, enhancing their communication skills, specifying and achieving their life goals, and building better relationships, to name a few. Clients may or may not be connected with a business, and their careers or jobs may or may not have anything to do with the focus of the coaching, with the exception of career coaching, which almost always has a professional connection.

Positives and negatives of personal coaching

Every field has its positives and negatives. Personal coaching is no different. On the positive side, the target audience for personal coaching is fairly broad. It can include adolescents, college students, working professionals, people in career transitions, couples, business executives, and adults in general. You can focus on people who are in a crisis situation, adults in a midlife transition, couples with relationship difficulties, professionals who want to advance their careers, soccer moms who want more out of life, elderly people who are facing death — the possibilities are only limited by your imagination...and a few other things. It's the “few other things” that can make personal coaching a difficult field to be in.

Here are the top five negatives of personal coaching:

1. The market is so big you can have a hard time focusing.

One of the biggest mistakes new coaches make is targeting too large a market. In your desire to help all different kinds of people with all different kinds of problems, your lack of resources can quickly become a fatal weakness to your business, because no one has the time, energy, or financial wherewithal to effectively target a vast audience. You must be able to clearly and concisely tell who your target audience is.

2. Personal coaching is highly discretionary, so it strongly depends on the economic situation of your target market.

Simply put, when the economy is good and people feel like they have a lot of extra spending money, personal coaching can be a relatively easy sell, but when the economy is bad and the future is grim, people are focused on surviving the layoffs, not obtaining their dreams.

3. You cannot charge nearly as much for personal coaching as for business coaching.

Most people do not go into coaching, or any other field, just for the money. Many people are making the transition into coaching from other professional fields where they were very successful, held a 9-to-5 job, and had a steady paycheck and benefits; they have also built up a certain lifestyle they would like to maintain. In addition, many people move into coaching because of what it stands for — balance, fulfillment, happiness, self-control, increased freedom, and an inherent promise to have a completely portable business, allowing you to set up and live anywhere you want. In order to cover expenses, coaches have to charge what is often seen by the average consumer as an extremely high amount per hour. Yet this same amount in a business setting is viewed as a normal expense.

4. With a potential audience so vast, it's hard to find truly effective ways to reach it.

In some ways, the potential audience for personal coaching is vast, especially if you think you can help everyone with almost any problem (which is not true). However, in order to actually make a living from coaching, the challenge becomes developing a niche that you can effectively target and finding enough people in that niche who can afford your high hourly fees. If you wish to be successful in personal coaching, you have to find effective ways to reach people in your target audience.

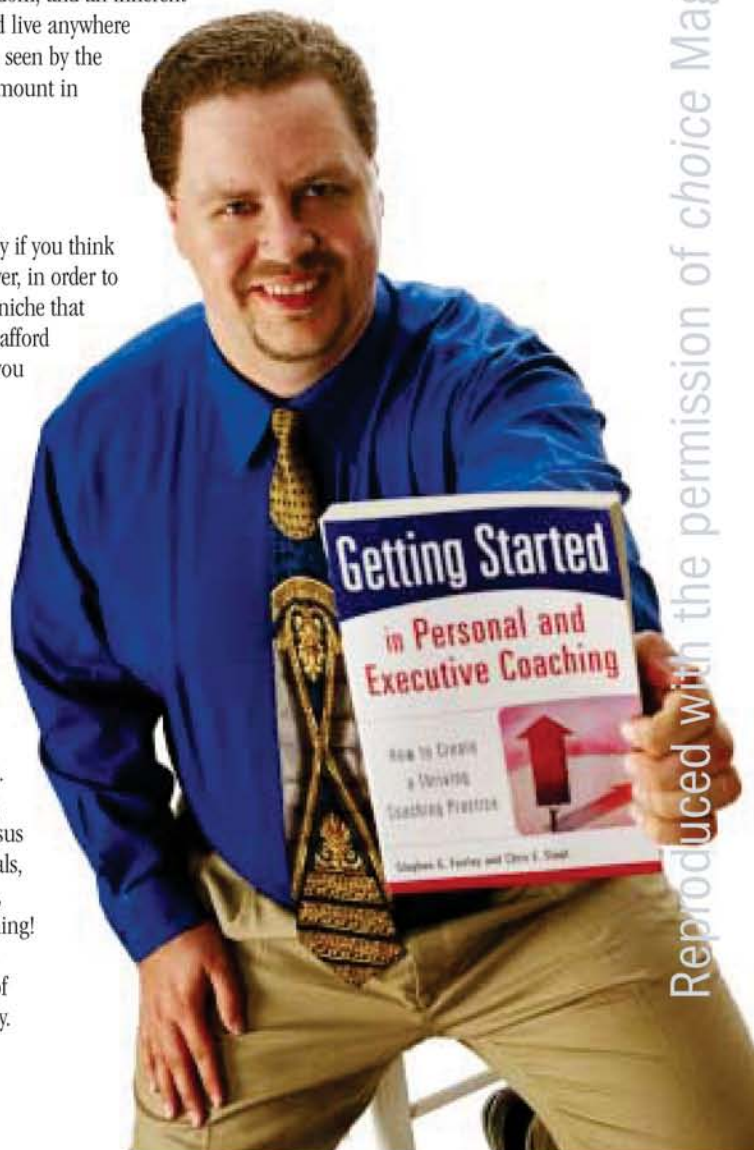
5. The biggest danger of personal coaching is how easily it can become confused with or used as a replacement for counseling or psychotherapy.

This one issue has the potential to totally reshape the field of personal coaching and is something you will begin to hear more about in the near future.

Characteristics of successful personal coaches

Many coaching skills were taken directly from the psychology field, and most modern psychotherapeutic treatments are focused on helping people with some of the same techniques and models that coaching uses. For example, psychologists using the Brief Strategic Model of counseling are highly interactive with their clients, use a strength-based model (versus the pathology-based model of the medical profession), form measurable goals, focus on the future, develop specific strategies for overcoming problems, and often see their clients for only six to 16 sessions. Sounds a lot like coaching! However, just as a degree in psychology does not guarantee you'll be a great psychologist, neither does it guarantee you'll be a great coach. I know of many great personal coaches who have no formal background in psychology.

“You must be able to clearly and concisely tell **who your target audience is**”



If you are considering becoming a personal coach, be sure you feel comfortable that you either currently meet or are willing to work hard to meet virtually all of these characteristics:

- Are a great listener
- Excel in problem solving
- Enjoy a good challenge
- Have the ability to focus
- Willingly offer clients encouragement and support
- Are able to be clear and concise
- Have the ability to see through the fog to the core issues
- Have a wide variety of life experience
- Are open to different ideas
- Like to brainstorm
- Have extraordinary communication skills
- Can easily build rapport with people
- Have a flexible personality
- Are willing to challenge your clients when needed
- Feel comfortable holding others accountable
- Desire that your clients experience change
- Can offer different perspectives

Although these characteristics will not ensure your success as a personal coach, they certainly will help you service your clients more effectively.

Titles personal coaches use

There are many variations of the titles coaches give themselves. Some of the more popular ones include personal coach, life coach, success coach, relationship coach, career coach, career and personal coach, professional coach or co-active coach. Generally speaking, the top four titles are more appropriate if you are going to specialize in working with individuals and professionals outside of their company or business. The middle two are more associated with coaching people about their careers and job transitions. The last two are perhaps more flexible in that they are appropriate when working with either individuals or inside an organization or company, depending on who you are trying to target within the organization. There have been coaches who have been successful in landing corporate accounts while calling themselves a personal coach, and vice versa, but my suspicion is that in most of these situations there were many other factors working in their favor, helping their prospects not to be turned off by their title (e.g., a direct referral, an outstanding reputation), and that a beginning coach may not fare as well. Also, as in any field, as coaching develops into a recognized industry more and more people will look to hire a coach who specializes in the area they are most concerned about — their personal life or their professional life.

Business coaching

Business coaches typically work with business professionals, managers, executives, and owners on issues such as leadership development, increasing employee motivation, organizational strategy, building a company, organizational development, change-management issues, career advancement, overcoming sales and marketing challenges, career derailment, succession planning, effective communication skills, time-management issues, team building, and management training.

Positives and negatives of business coaching

Business coaching is a fast-emerging field that combines the best of industrial and organizational psychology, management consulting, organizational development, sports psychology, and business consulting to provide a different

paradigm of how people function in an organization and how the organization itself functions. There are as many opportunities for business coaching as the number of businesses that exist in a given community. Many successful executives and business owners are used to working with high-powered professionals who charge high fees and bring particular skills and abilities that help businesses be more successful. They are more willing to recognize when they need outside help and expertise to deal with a specific situation. There are a wide variety of situations that a coach could be called in to deal with, including keeping a good manager from derailing his or her career, helping a new leadership team make the transition smoothly, evaluating the potential of top managers for an upcoming VP opening, succession planning, developing a management training program, mediating conflict between executives and employees, developing a marketing strategy for a new product, keeping a president from burning out and leaving, or helping a CEO create a strategic vision for the company. Most of the issues relate somehow to the interaction between the person and their work.

There are also a number of potential negatives of being a business coach, including these:

1. You have many more sophisticated competitors.

Competition for an executive's time and the company's money for these kinds of services can come from major consulting firms, management training companies, business strategy organizations, well-known consultants, and even law and accounting firms that are adding coaching to their list of services. As a business coach, you are no longer just faced with proving you can do the job; you are up against companies that spend millions of dollars every year marketing and advertising their services. You have to be faster, smarter, more efficient than, and just as effective as your larger counterparts if you want to build a successful business coaching practice.

2. The bigger the deal, the bigger the company, and the longer the sales cycle.

As a business coach, you are most likely to be paid either by the hour or by the project. Only a few coaches are able to obtain the ever-elusive retainer fee, under which a company pays the coach a flat fee for a set number of hours, regardless of whether the company actually uses them. This basically means that if you are not working billable hours, you are not getting paid. In addition, the majority of your time is spent trying to land that first deal with a given company, and you intuitively know that the larger the company, the more likely it will be able to supply you with multiple projects in the future.

3. Business can disappear with the next quarter's earnings.

When the economy is up and businesses are experiencing consistent positive cash flow, they are much more willing to try new things (like a business coach) and think outside of the box (they believe real people change over time, not all at once), and they are more tolerant (they'll work to change a manager's behavior using one-on-one coaching instead of just firing them), but when times are tough and every quarter is a "make it or break it" one, businesses tend to fall back on what they have tried before (regardless of whether they have had much success). You might spend several months working on getting your first coaching project with a company and be almost there when suddenly two or three of its "for sure" deals fall apart, and all your hard work goes down in flames in a single meeting.

4. Consultants and coaches are often the last people hired and the first people fired.

Even though companies are willing to hire outside help to resolve an issue, they are likely to do everything they can to solve the problem using internal

resources first, and they are likely to wait way too long before they reach out for help. I have talked with many companies whose problems could have been helped if they had simply called in a coach or consultant a year or two earlier. This directly relates to the next potential downside.

5. It is more difficult to find corporate coaching work that is developmental rather than remedial.

Business coaches are not usually called in to help some manager achieve a dream. More than likely, they are called in to deal with a specific problem in the form of a derailed executive, a damaged image, or a distressed CEO. It is difficult to find ongoing projects that are truly developmental. In spite of all the research that strongly indicates that companies that develop their people are financially stronger, real training and development is not commonplace in today's companies, and it is one of the first areas companies cut back on in an economic downturn.

Characteristics of a great business coach

There is a fair amount of overlap in the personal characteristics of good business coaches and personal coaches, including:

- Exceptional problem-solving skills
- Great listening ability
- Advanced communication skills
- Ability to focus on the core issues
- Willingness to challenge and confront a client when necessary
- Broad life experience

This is not to say that if you do not fit all of these categories you cannot be successful as a business coach, but simply to point out that, broadly speaking, there are several differences between business and personal coaches, and the barriers to entry are higher for business coaching than for personal coaching.

Titles business coaches use

Business coaches use a number of titles, including executive coach, business coach, leadership coach, professional coach, corporate coach, consultant, business success coach, marketing or sales coach, president or CEO or psychologist or organizational psychologist. The most common are the top two, but I don't believe there is a distinct advantage to using one of these titles over any of the rest. Your title should tend to be more descriptive of your primary target audience. Two words of caution regarding the last title, psychologist or organizational psychologist: First, psychologist is a protected title, and it can be used only by qualified people. Second, even though some people disagree with me, I strongly recommend that if you are a psychologist who coaches and wants to primarily target businesses, you consider not using your professional title, for two reasons. First, every psychologist has experienced the negative reaction they receive at a party or networking event as soon as they mention their profession. Unfortunately, there is still a stigma in the business community that psychologists only work with sick or unhealthy people. Using that title can push good prospects away from you because of their concern about being stigmatized or pathologized. Second, use of your title while providing coaching or consulting services can increase your legal liability, as someone may misconstrue that you are performing your services under your psychologist's license and hence hold you to all the rules and regulations that accompany that title. If you have a doctorate degree in psychology or any other field, I would recommend including the PhD, MD, or DBA on your business card for credibility, but don't emphasize the field you obtained it in. Remember, business owners don't want to hire an academician or a doctor, they want a practitioner. Emphasizing your practical, hands-on business experience over your

educational credentials and certifications will help you achieve better results when converting prospects to clients.

Is personal or business coaching right for you?

While a few people can do both personal coaching and business coaching well, the majority of successful coaches specialize in one or the other. I have found that most people who say they do both personal and business coaching really do 80 to 90 percent personal coaching, and may have one or two clients that they consider business coaching clients. The reason for this stems largely from the fact that the way you market your coaching practice to prospects depends to a great extent on which field you see yourself in — personal or business coaching.

This article is an excerpt from *“Getting Started in Personal and Executive Coaching — How to Create a Thriving Coaching Practice,”* by Stephen G. Fairley and Chris E. Stout (Copyright ©2004 by John Wiley & Sons) and has been edited for length. ●

Stephen Fairley is President of Today's Leadership Coaching, Inc. He is a nationally known author, speaker, coach, consultant, trainer and business executive. Stephen also finds time to enjoy traveling all over the world, fishing, and his home theater.

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Pricing Your Coaching Services



Personal Coaching

The hourly fees for personal coaching range from \$40 to over \$300 per hour, with the average being \$132 per hour, according to my survey of 300 coaches nationwide. Living in metropolitan areas seems to correlate with slightly higher hourly rates, possibly because awareness and acceptance of professional coaching has increased over the past couple of years. Eighty percent of personal coaches charge either an hourly or monthly fee. A staggering 61 percent of full-time personal coaches report making less than \$20,000 a year, but 18 percent are making more than \$75,000. The average annual income for full-time personal coaches has been estimated to be between \$30,000 and \$40,000.

Business Coaching

There is a huge range for how much business coaches charge, from a low of \$50 an hour to more than \$700 per hour. The average amount is \$198 per hour, with 51 percent of business coaches charging \$140 to \$260 per hour. Factors that contribute to a higher per-hour rate include living in or near a major metropolitan area and having more professional coaching experience. In fact, hourly rates seem to increase over the average amount by \$20 to \$30 per hour for every two years of experience. While the hourly rate may seem like a lot, especially in comparison with personal coaches, remember the challenges business coaches face in both finding and keeping work. Most seem to work within two structures on a monthly fee basis, just like personal coaches, and on a per-project basis. A very small percentage of business coaches are able to move their practices entirely to a monthly retainer fee basis. Twenty-seven percent of full-time business coaches report making less than \$20,000 a year, but 36 percent of them are making more than \$75,000 annually. The average annual revenue of a business coach is estimated to be \$70,000 to \$80,000.